

Message Text

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ACTION EA-09

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INFO AMEMBASSY MOSCOW
AMEMBASSY SINGAPORE
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AMEMBASSY TOKYO
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CINCPAC

S E C R E T HONG KONG 3022

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CINCPAC FOR POLAD

E.O. 11652: XGDS-2
TAGS: PINT, PFOR, ECON, CH
SUBJ: CHINA HIGHLIGHTS

SUMMARY: CONTINUING SEVERE WEATHER IS DIMMING PROPECTS FOR
THIS YEAR'S EARLY GRAIN HARVEST, RAISING THE POSSIBILITY THAT
PRC GRAIN IMPORTS IN 1977 -- ALREADY MORE THAN DOUBLE LAST
YEAR'S TOTAL -- COULD RISE STILL FURTHER. RUMORS OF TENG
HSIAO-PING'S IMMINENT RETURN CONTINUE TO ABOUND AMID INDI-
CATIONS THAT THE REGIME HAS BEGUN TO MOVE FORWARD ON LESS-
SENSITIVE POLITICAL QUESTIONS AROUND THE EDGES OF THE TENG
ISSUE. ON THE INTERNATIONAL SIDE AN UNUSUAL PRC MEDIA

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REFERENCE TO "RECOVERY" OF THE SPRATLY ISLANDS IS PERHAPS
TIMED TO COINCIDE WITH DEFENSE MINISTER GIAP'S CURRENT VISIT
TO MOSCOW. END SUMMARY.

1. PRC GRAIN IMPORTS RISE AS SEVERE WEATHER TREATENS EARLY
HARVEST

PERSISTENTLY SEVERE DROUGHT AND COLD WEATHER ARE DIMMING CHINA'S PROSPECTS FOR A GOOD EARLY GRAIN HARVEST IN 1977, AND, COMING ON THE HEELS OF AN UNSATISFACTORY FALL HARVEST IN 1976, ARE RAISING THE POSSIBILITY OF ADDITIONAL PRC GRAIN PURCHASES THIS YEAR. PURCHASES THUS FAR THIS YEAR TOTAL 5 MILLION METRIC TONS, MORE THAN TWICE THE AMOUNT IMPORTED LAST YEAR, BUT ARE STILL SHORT OF THE PREVIOUS RECORD OF 7.6 MMT IMPORTED IN 1973. PRICE MAY ALSO BE A FACTOR, AND THE CHINESE MAY BE TAKING ADVANTAGE OF DEPRESSED WORLD GRAIN PRICES TO REPLENISH STOCK-PILES THAT ARE APPARENTLY BEING DRAWN DOWN TO MEET CURRENT DEMANDS.

A NUMBER OF PROVINCES HAVE REPORTEDLY MADE USE OF GRAIN RESERVES, A MOVE AUTHORIZED BY CHAIRMAN HUA KUO-FENG EARLIER IN 1976. SINCE THEN UNUSUALLY FRANK OFFICIAL STATEMENTS AND MEDIA ACCOUNTS OF AGRICULTURAL PROBLEMS, PARTICULARLY IN THE NORTHERN AND CENTRAL PARTS OF CHINA, HAVE BEEN SUPPLEMENTED BY INTELLIGENCE REPORTS DESCRIBING GRAIN SHORTAGES IN THESE AND OTHER AREAS. CADRE HAVE BEEN TOLD OFFICIALLY OF FAMINE CONDITIONS IN ONE OR MORE PROVINCES, LEADING TO THE TEMPORARY MOVEMENT OF LOCAL INHABITANTS FROM STRICKEN AREAS. SEVERAL REPORTS DESCRIBE DECREASED GRAIN RATIONS FOR PARTY CADRE THROUGHOUT CHINA. SIMILAR INFORMATION HAS APPEARED IN THE LOCAL HONG KONG PRESS. AS YET THE EXTENT OF THE PROBLEM IS UNCLEAR. OUR IMPRESSION IS THAT WHILE REALLY SEVERE GRAIN SHORTAGES REMAIN LOCALIZED, FOOD SUPPLIES AT PRESENT ARE GENERALLY LOWER THAN USUAL OVER MANY PARTS OF CHINA.

2. SPECULATION ON TENG CONTINUES TO GROW
WITH THE APPROACH OF THE ANNIVERSARY OF THE 1976 TIEN
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AN MEN INCIDENT WHICH RESULTED IN THE DISMISSAL OF TENG HSIAO-PING, THE ATMOSPHERE IN PEKING HAS BECOME CHARGED WITH RUMORS CONCERNING TENG'S IMMINENT RETURN. ADDING SUBSTANCE TO THE RUMORS ABOUT TENG, THE "PEOPLE'S DAILY" GAVE UNUSUAL FRONT-PAGE TREATMENT TO AN ARTICLE CRITICIZING THE "GANG" FOR DISTORTING A WELL KNOWN MAO QUOTATION USED AGAINST TENG AND HIS SUPPORTERS. THE ARTICLE, FEATURED IN THE HONG KONG COMMUNIST PRESS, WAS MADE MORE EXPLICIT BY CARRYING IT ALONGSIDE AN AFP STORY SPECIFICALLY IDENTIFYING THE ARTICLE AS DIRECTLY RELATED TO TENG'S CHANCES FOR A COMBACK. WHILE THE ARTICLE FAILS TO ADDRESS THE TENG PROBLEM DIRECTLY, ITS IMPLICATIONS FOR DEFENDING THE OLDER CADRE AND THE RECENT CONFIRMATION OF A NUMBER OF SUCH CADRE IN PROVINCIAL LEADERSHIP POSITIONS SUGGESTS THAT THE REGIME HAS BEEN MAKING POLITICAL DECISIONS AROUND THE EDGES OF THE TENG ISSUE. IN ADDITION, RECENT NON-APPEARANCES BY HERETOFORE HIGHLY VISIBLE PROVINCIAL FIRST SECRETARIES SUGGESTS THAT POSSIBILITY THAT SOME NATIONAL-LEVEL MEETINGS COULD BE UNDER WAY, PERHAPS TO FINALIZE A REGIME LINE ON TENG BEFORE THE APRIL 5 ANNIVERSARY.

3. PRC NAVY CALLED UPON TO LIBERATE TAIWAN AND RECOVER SPRATLYS
A MARCH 14 NCNA ARTICLE GAVE UNUSUAL PROMINENCE TO THE
ROLE OF THE CHINESE NAVY IN PRC'S DEFENSE AND CALLED
UPON IT TO LIBERATE TAIWAN AND "RECOVER" THE VIETNAMESE HELD
SPRATLY ISLANDS. THIS IS THE FIRST INSTANCE, TO OUR KNOWLEDGE,
THAT THE PRC HAS USED THE WORD "RECOVER" IN REFERENCE TO THE
SOUTH CHINA SEA ISLANDS, AND THE ARTICLE MAY HAVE BEEN TIMED
TO COINCIDE WITH SRV DEFENSE MINISTER GIAP'S CURRENT VISIT
TO MOSCOW. HIGHLIGHTING THE ROLE OF THE NAVY AS A COUNTER TO
ALLEGED SOVIET AND U.S. MARITIME HEGEMONY FITS IN WELL WITH
PEKING'S CURRENT MILITARY MODERNIZATION DRIVE, WITH THE "GANG
OF FOUR" BEING ACCUSED OF ATTEMPTING TO REDUCE THE NAVY TO
THE ROLE OF "ESCORT" OR "RESERVE" FORCE WITH STRATEGIC
CAPABILITIES CENTERED ON LAND BASED MISSILES.
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